



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
 301 E. 14th Street, Suite 200
 Sioux Falls, SD 57104
 (605) 367-5770 / Fax: (605) 367-5773
 e-mail sdbdacct.sdbd@midconetwork.com
www.accountancy.sd.gov

Agenda
 South Dakota Board of Accountancy Meeting
 Conference Call
 9:00 a.m. (CT)
 April 23, 2015

A=Action

D=Discussion

I=Information

	Page
A-Approval of Minutes of Meeting March 20, 2015.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through March 2015	6-14
D-Executive Director’s Report.....	15-18
 NASBA	
I-NASBA Compliance Assurance Committee Failed Report Guidance Paper.....	19-22
 EXECUTIVE SESSION	
Equivalent Reviews, follow up and complaint for Board Approval.....	Spt. Pkt.

FUTURE MEETING DATES (all times CT)

June 8, 2015 – 8:30 Dept. of Legislative Audit Conference Room Pierre, SD, or 9:00 Conference Call

July 7, 2015 – 9:00 Conference Call

August 14, 2015 – 8:30 Sioux Falls, SD, location TBD



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South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
March 20, 2015 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Friday, March 20, 2015. Chair John Mitchell called the meeting to order at 9:05 a.m.

Roll call was taken to confirm that the following members were present: Holly Brunick, David Pummel, John Linn, Jr., Jeff Smith, and John Mitchell. A quorum was present.

Also present were Nicole Kasin, Executive Director; Julie Iverson, Sr. Secretary; Aaron Arnold, Legal Counsel and Department of Labor & Regulation.

Chair John Mitchell asked if there were any additions to the agenda. The following were added:
Report to Board on Grades

A motion was made by John Linn, Jr. and seconded by David Pummel to enter into executive session for the deliberative process for peer reviews, follow-ups, consent agreements, and assurance of voluntary compliance. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

A motion was made by Holly Brunick and seconded by Jeff Smith to accept the peer reviews, follow-ups, consent agreements, and assurance of voluntary compliance as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

Aaron Arnold left the conference call at 9:35.

A motion was made by Holly Brunick and seconded by John Linn, Jr. to approve the January 23, 2015, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by David Pummel and seconded by Holly Brunick to approve the issuance of individual certificates and firm permits through March 13, 2015. A roll call vote was taken. The motion unanimously carried.

A motion was made by David Pummel and seconded by Jeff Smith to approve the financial statements through February 2015. A roll call vote was taken. The motion unanimously carried.

The Board discussed the NASBA Western Regional Conference which will be held in Coronado, CA June 17-19, 2015 and the NASBA Eastern Regional Conference which will be held in Baltimore, MD on June 24-26, 2015.

A motion was made by John Linn, Jr. and seconded by David Pummel to approve travel for the Executive Director and three board members to attend the NASBA Western Regional Conference held in Coronado, CA, June 17-19, 2015. A roll call vote was taken. The motion unanimously carried. The Executive Director will submit the necessary travel documents for approval.

Executive Director Kasin discussed her report on the status of CPE audits and the January 2015 board newsletter.

The Board reviewed the report on the CPA exam grades for the 44th Window.

A motion was made by Jeff Smith and seconded by David Pummel to approve the CPA exam scores for the 44th Window through March 2015. A roll call was taken. The motion unanimously carried.

The board discussed the AICPA's Board of Examiners meeting highlights from January 28-30, 2015 and the AICPA's Concept Paper on the Future of Practice Monitoring. Board members will review the concept paper and direct comments, if any, to Nicole Kasin.

The Board discussed nominations for Vice Chair for NASBA; 4th Quarter 2014 Candidate Concerns Report; meeting minutes from the Board of Directors October 31, 2014 and November 4, 2014; meeting highlights from Board of Directors January 23, 2015; Executive Summary and Responses to Focus Questions December 22, 2014.

The Board completed NASBA's Regional Directors' Focus Questions.

FUTURE MEETING DATES (all times CT)

April 23, 2015 – 9:00 am Conference call

June 8, 2015 – 8:30 am Pierre, SD – Location to be determined

July 7, 2015 – 9:00 am Conference call

August 14, 2015 – 8:30 am Sioux Falls, SD - Location to be determined

A motion was made by David Pummel and seconded by John Linn, Jr. to adjourn the meeting. A roll call vote was taken. The motion unanimously carried.

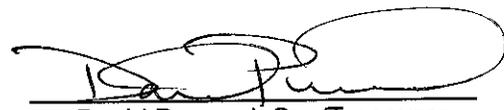
All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 10:18 a.m.



John Mitchell, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through April 16, 2015

Number	Name	Date Issued	Location
3194	Samuel Robert Fischenich	3/24/15	New Ulm, MN
3195	Mary Kathryn Hofer	3/24/15	Tea, SD
3196	William P. Western	3/24/15	Box Elder, SD
3197	Brandy Ann Eisma	3/26/15	Sioux Falls, SD
3198	Amanda Jane Johnson	4/10/15	Rapid City, SD
3199	Joshua Lee Sherer	4/13/15	Jefferson, SD

**FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY
BOARD COPY**

**Issued Through
April 16, 2015**

Number	Name	Date Issued	Basis/Comments
1646	CHW, LLP Fresno, CA	04/03/15	New Firm

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 03/31/2015

AGENCY: 10 LABOR & REGULATION
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	345,225.67	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			345,225.67	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			345,225.67	DR **	
BUDGET UNIT TOTAL 1031			345,225.67	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 03/31/2015

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	1031000061802	51010100	CGEX150311	03/18/2015					1,674.00	DR
	OBJSUB: 5101010	F-T EMP SAL & WAGES							1,674.00	DR
6503	1031000061802	51010200	CGEX150311	03/18/2015					750.15	DR
	OBJSUB: 5101020	P-T/TEMP EMP SAL & WAGES							750.15	DR
	OBJSUB: 5101	EMPLOYEE SALARIES							2,424.15	DR
6503	1031000061802	51020100	CGEX150311	03/18/2015					176.01	DR
	OBJSUB: 5102010	OASI-EMPLOYER'S SHARE							176.01	DR
6503	1031000061802	51020200	CGEX150311	03/18/2015					144.13	DR
	OBJSUB: 5102020	RETIREMENT-ER SHARE							144.13	DR
6503	1031000061802	51020600	CGEX150311	03/18/2015					718.50	DR
	OBJSUB: 5102060	HEALTH/LIFE INS.-ER SHARE							718.50	DR
6503	1031000061802	51020800	CGEX150311	03/18/2015					1.45	DR
	OBJSUB: 5102080	WORKER'S COMPENSATION							1.45	DR
6503	1031000061802	51020900	CGEX150311	03/18/2015					1.09	DR
	OBJSUB: 5102090	UNEMPLOYMENT COMPENSATION							1.09	DR
	OBJECT: 5102	EMPLOYEE BENEFITS							1,041.18	DR
	GROUP: 51	PERSONAL SERVICES							3,465.33	DR
6503	1031000061802	52040100	10600470	03/04/2015	00182414	AICPASTBSC	12004400	04	387.50	DR
	OBJSUB: 5204010	SUBSCRIPTIONS							387.50	DR
6503	1031000061802	52041800	DP502097	04/03/2015					.01	DR
	OBJSUB: 5204180	COMPUTER SERVICES-STATE							288.75	DR
6503	1031000061802	52041800	DP502097	04/03/2015					.01	DR
	OBJSUB: 5204180	COMPUTER SERVICES-STATE							80.46	DR
6503	1031000061802	52042000	PL502057	03/25/2015					80.46	DR
	OBJSUB: 5204200	CENTRAL SERVICES							80.46	DR
6503	1031000061802	52042200	IN160693	03/06/2015	00183986	ABBUSINESS	12036980		71.72	DR
	OBJSUB: 5204220	EQUIPMENT SERV & MAINT							71.72	DR
6503	1031000061802	52042300	158C100002	MAR15 04/01/2015	00191224	SUNSETOFFI	12043890		122.86	DR
	OBJSUB: 5204230	JANTTORIAL & MAINT SERV							122.86	DR
6503	1031000061802	52044600	NS177279	03/04/2015	02110334	MATLFINANC	12219369		603.00	DR
	OBJSUB: 5204460	EQUIPMENT RENTAL							1,269.45	DR
6503	1031000061802	52044900	ACCOUNTRENT2014	03/04/2015	02109778	MGINNISRO	12074040		1,269.45	DR
	OBJSUB: 5204490	EQUIPMENT RENTAL							1,269.45	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 03/31/2015

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
		OBJSUB: 5204490	RENTS-PRIVATE OWNED PROP.						2,538.90	DR *
		6503 103100061802 52045300	TL502152	03/18/2015	00183817	MIDCONTINE	12023782		114.86	DR
		6503 103100061802 52045300	111109001 FEB15	03/06/2015	00188860	MIDCONTINE	12023782		95.00	DR
		6503 103100061802 52045300	111109001 MARI5	03/25/2015	00183649	ATTMOBILIT	12279233		95.00	DR
		6503 103100061802 52045300	2872359210870215	03/04/2015					67.05	DR
		OBJSUB: 5204530	TELECOMMUNICATIONS SRVCS						371.91	DR *
		6503 103100061802 52045400	5159417006 0215	03/06/2015	02110410	XCELENERGY	12023853		71.93	DR
		OBJSUB: 5204540	ELECTRICITY						71.93	DR *
		6503 103100061802 52045900	FB502021	03/25/2015					9.13	DR
		6503 103100061802 52045900	PE502031	03/25/2015					1,258.00	DR
		OBJSUB: 5204590	INS PREMIUMS & SURETY BDS						1,267.13	DR *
		6503 103100061802 52047400	CT105A-038	03/06/2015	228722				59.14	DR
		OBJSUB: 5204740	BANK FEES AND CHARGES						59.14	DR *
		6503 103100061802 52049600	13612068	03/25/2015	00188736	NATLASSNST	12005047		5,928.72	DR *
		OBJSUB: 5204960	OTHER CONTRACTUAL SERVICE						5,928.72	DR *
		OBJECT: 5204	CONTRACTUAL SERVICES						11,792.02	DR **
		6503 103100061802 52050280	58459	03/13/2015	00185666	STOUKALLS	12036365		17.75	DR
		6503 103100061802 52050280	772063	03/25/2015	02112470	OFFICEMAXI	12162845		47.44	DR
		OBJSUB: 5205028	OFFICE SUPPLIES						65.19	DR *
		6503 103100061802 52053100	CD502040	03/18/2015					155.25	DR
		OBJSUB: 5205310	PRINTING-STATE						155.25	DR *
		6503 103100061802 52053200	1122-IN	03/25/2015	00189732	NATLASSNST	12005047		234.15	DR
		OBJSUB: 5205320	PRINTING-COMMERCIAL						234.15	DR *
		6503 103100061802 52053500	MS502046	03/25/2015					6.53	DR
		6503 103100061802 52053500	1122-IN	03/25/2015	00189732	NATLASSNST	12005047		628.20	DR
		OBJSUB: 5205350	POSTAGE						634.73	DR *
		OBJSUB: 5205	SUPPLIES & MATERIALS						1,089.32	DR **
		6503 103100061802 5228000	TL105-086	03/06/2015					287.88	DR
		OBJSUB: 5228000	OPER TRANS OUT -NON BUDGT						287.88	DR *
		OBJECT: 5228	NONOP EXP/NONBGTD OP TR						13,169.22	DR **
		GROUP: 52	OPERATING EXPENSES						16,634.55	DR **
		COMP: 6503							16,634.55	DR **
		CNTR: 103100061802							16,634.55	DR **
		B. UNIT: 1031							16,634.55	DR *****

South Dakota Board of Accountancy
Balance Sheet
As of March 31, 2015

	Mar 31, 15
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	345,225.67
Total Checking/Savings	345,610.20
Other Current Assets	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
Total Other Current Assets	5,768.86
Total Current Assets	351,379.06
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-138,051.51
Total 1670000 · Computer Software	2,011.72
Total Fixed Assets	2,011.72
TOTAL ASSETS	353,390.78
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	2,857.99
Total Accounts Payable	2,857.99
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	24,593.38
Total Other Current Liabilities	32,071.67
Total Current Liabilities	34,929.66
Long Term Liabilities	
2960000 · Compensated Absences Payable	16,686.44
Total Long Term Liabilities	16,686.44
Total Liabilities	51,616.10
Equity	
3220000 · Unrestricted Net Assets	253,737.01
3300100 · Invested In Capital Assets	2,011.80
3900 · Retained Earnings	4,512.55
Net Income	41,513.32
Total Equity	301,774.68
TOTAL LIABILITIES & EQUITY	353,390.78

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2014 through March 2015

	Jul '14 - Mar 15	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-50.00			
4293550 · Initial Individual Certificate - Other	2,150.00	2,200.00	-50.00	97.7%
Total 4293550 · Initial Individual Certificate	2,100.00	2,200.00	-100.00	95.5%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
Total 4293551 · Certificate Renewals-Active	57,450.00	55,000.00	2,450.00	104.5%
4293552 · Certificate Renewals-Inactive	20,050.00	19,000.00	1,050.00	105.5%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	1,010.00	750.00	260.00	134.7%
Total 4293553 · Certificate Renewals-Retired	970.00	750.00	220.00	129.3%
4293554 · Initial Firm Permits	700.00	900.00	-200.00	77.8%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,210.00	15,000.00	-790.00	94.7%
Total 4293555 · Firm Permit Renewals	14,060.00	15,000.00	-940.00	93.7%
4293557 · Initial Audit	450.00	900.00	-450.00	50.0%
4293558 · Re-Exam Audit	1,470.00	2,460.00	-990.00	59.8%
4293560 · Late Fees-Initial Certificate	200.00			
4293561 · Late Fees-Certificate Renewals	2,600.00	3,700.00	-1,100.00	70.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	800.00	-500.00	37.5%
4293564 · Late Fees-Peer Review	500.00	1,300.00	-800.00	38.5%
4293566 · Firm Permit Owners	91,945.00	78,000.00	13,945.00	117.9%
4293567 · Peer Review Admin Fee	1,050.00	5,650.00	-4,600.00	18.6%
4293568 · Firm Permit Name Change	200.00	100.00	100.00	200.0%
4293569 · Initial FAR	870.00	1,140.00	-270.00	76.3%
4293570 · Initial REG	390.00	660.00	-270.00	59.1%
4293571 · Inital BEC	420.00	930.00	-510.00	45.2%
4293572 · Re-Exam FAR	1,320.00	1,860.00	-540.00	71.0%
4293573 · Re-Exam REG	1,560.00	2,310.00	-750.00	67.5%
4293574 · Re-Exam BEC	1,410.00	2,310.00	-900.00	61.0%
4491000 · Interest and Dividend Revenue	3,578.78	8,500.00	-4,921.22	42.1%
4896021 · Legal Recovery Cost	850.00	1,000.00	-150.00	85.0%
Total Income	204,443.78	204,470.00	-26.22	100.0%
Gross Profit	204,443.78	204,470.00	-26.22	100.0%
Expense				
5101010 · F-T Emp Sal & Wages	36,380.03	72,759.00	-36,378.97	50.0%
5101020 · P-T/Temp Emp Sal & Wages	20,289.80	18,779.00	1,510.80	108.0%
5101030 · Board & Comm Mbrs Fees	2,700.00	4,372.00	-1,672.00	61.8%
5102010 · OASI-Employer's Share	4,304.00	7,362.00	-3,058.00	58.5%
5102020 · Retirement-ER Share	3,359.40	5,492.00	-2,132.60	61.2%
5102060 · Health /Life Ins.-ER Share	16,166.25	22,007.00	-5,840.75	73.5%
5102080 · Worker's Compensation	34.05	254.00	-219.95	13.4%
5102090 · Unemployment Insurance	25.51	91.00	-65.49	28.0%
5203010 · Auto--State Owned	123.12	1,000.00	-876.88	12.3%
5203020 · Auto-Private-Ownes Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	1,137.38	1,500.00	-362.62	75.8%
5203100 · In State-Lodging	673.75	1,000.00	-326.25	67.4%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	400.00	-37.00	90.8%
5203220 · OS-Auto Private Low Mileage	90.40	100.00	-9.60	90.4%
5203260 · OS-Air Commercial Carrier	2,811.50	6,000.00	-3,188.50	46.9%
5203280 · OS-Other Public Carrier	121.31	500.00	-378.69	24.3%
5203300 · OS-Lodging	5,105.23	7,800.00	-2,694.77	65.5%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2014 through March 2015

	Jul '14 - Mar 15	Budget	\$ Over Budget	% of Budget
5203320 · OS-Incidentals to Travel	244.00	450.00	-206.00	54.2%
5203350 · OS-Non-Taxable Meals Overnight	543.00	1,300.00	-757.00	41.8%
5204010 · Subscriptions	563.58	1,000.00	-436.42	56.4%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	3,475.00	6,000.00	-2,525.00	57.9%
5204180 · Computer Services-State	672.75	600.00	72.75	112.1%
5204181 · Computer Development Serv-State	2,291.60	10,400.00	-8,108.40	22.0%
5204200 · Central Services	7,030.55	7,000.00	30.55	100.4%
5204220 · Equipment Service & Maintenance	28.36	300.00	-271.64	9.5%
5204230 · Janitorial/Maintenance Services	1,105.74	1,560.00	-454.26	70.9%
5204340 · Computer Software Maintenance	686.60	1,500.00	-813.40	45.8%
5204360 · Advertising-Newspapers	938.33	1,000.00	-61.67	93.8%
5204440 · Newsletter Publishing	678.15	1,100.00	-421.85	61.7%
5204460 · Equipment Rental	2,366.00	4,000.00	-1,634.00	59.2%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	11,425.05	15,234.00	-3,808.95	75.0%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	2,308.75	2,800.00	-491.25	82.5%
5204540 · Electricity	519.99	865.00	-345.01	60.1%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	1,710.00	-442.87	74.1%
5204740 · Bank Fees and Charges	4,039.04	5,500.00	-1,460.96	73.4%
5204960 · Other Contractual Services	60.96			
5205020 · Office Supplies	238.53	2,000.00	-1,761.47	11.9%
5205310 · Printing State	155.25	500.00	-344.75	31.1%
5205320 · Printing/Duplicating/Binding Co	150.00	1,000.00	-850.00	15.0%
5205330 · Supplemental Publications	1,055.00	700.00	355.00	150.7%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	2,562.25	2,000.00	562.25	128.1%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	1,786.62	4,800.00	-3,013.38	37.2%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	3,189.68	7,400.00	-4,210.32	43.1%
5228030 · Depreciation Expense	9,052.82	12,070.40	-3,017.58	75.0%
Total Expense	162,930.46	257,195.40	-94,264.94	63.3%
Net Ordinary Income	41,513.32	-52,725.40	94,238.72	-78.7%
Net Income	41,513.32	-52,725.40	94,238.72	-78.7%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
March 2015

	<u>Mar 15</u>	<u>Mar 14</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	215.00	250.00	-35.00	-14.0%
4293554 · Initial Firm Permits	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	90.00	60.00	30.00	50.0%
4293558 · Re-Exam Audit	60.00	150.00	-90.00	-60.0%
4293560 · Late Fees-Initial Certificate	150.00	0.00	150.00	100.0%
4293564 · Late Fees-Peer Review	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	0.00	2,000.00	-2,000.00	-100.0%
4293567 · Peer Review Admin Fee	75.00	0.00	75.00	100.0%
4293569 · Initial FAR	0.00	30.00	-30.00	-100.0%
4293570 · Initial REG	0.00	60.00	-60.00	-100.0%
4293571 · Inital BEC	30.00	30.00	0.00	0.0%
4293572 · Re-Exam FAR	210.00	180.00	30.00	16.7%
4293573 · Re-Exam REG	180.00	90.00	90.00	100.0%
4293574 · Re-Exam BEC	90.00	90.00	0.00	0.0%
4896021 · Legal Recovery Cost	750.00	0.00	750.00	100.0%
Total Income	<u>1,850.00</u>	<u>3,040.00</u>	<u>-1,190.00</u>	<u>-39.1%</u>
Gross Profit	1,850.00	3,040.00	-1,190.00	-39.1%
Expense				
5101010 · F-T Emp Sal & Wages	1,674.00	2,077.03	-403.03	-19.4%
5101020 · P-T/Temp Emp Sal & Wages	750.15	1,159.76	-409.61	-35.3%
5102010 · OASI-Employer's Share	176.01	244.97	-68.96	-28.2%
5102020 · Retirement-ER Share	144.13	194.21	-50.08	-25.8%
5102060 · Health /Life Ins.-ER Share	718.50	908.64	-190.14	-20.9%
5102080 · Worker's Compensation	1.45	4.21	-2.76	-65.6%
5102090 · Unemployment Insurance	1.09	1.03	0.06	5.8%
5203010 · Auto--State Owned	0.00	149.12	-149.12	-100.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	9.00	-9.00	-100.0%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	643.70	669.50	-25.80	-3.9%
5203280 · OS-Other Public Carrier	20.00	42.00	-22.00	-52.4%
5203300 · OS-Lodging	1,783.04	1,133.10	649.94	57.4%
5203320 · OS-Incidentals to Travel	76.00	35.00	41.00	117.1%
5203350 · OS-Non-Taxable Meals Overnight	213.00	152.00	61.00	40.1%
5204010 · Subscriptions	0.00	265.27	-265.27	-100.0%
5204160 · Workshop Registration Fees	0.00	50.00	-50.00	-100.0%
5204200 · Central Services	80.46	813.33	-732.87	-90.1%
5204220 · Equipment Service & Maintenance	0.72	1.73	-1.01	-58.4%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204460 · Equipment Rental	71.00	654.00	-583.00	-89.1%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	95.00	261.73	-166.73	-63.7%
5204540 · Electricity	64.86	62.44	2.42	3.9%
5204560 · Water	22.35	22.35	0.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	0.00	1,267.13	100.0%
5204740 · Bank Fees and Charges	59.14	56.46	2.68	4.8%
5205020 · Office Supplies	123.17	194.56	-71.39	-36.7%
5205310 · Printing State	155.25	0.00	155.25	100.0%
5205320 · Printing/Duplicating/Binding Co	24.00	60.00	-36.00	-60.0%
5205340 · Microfilm Supplies/Materials	0.00	176.15	-176.15	-100.0%
5205350 · Postage	6.53	0.00	6.53	100.0%
5228000 · Operating Transfers Out-NonBudg	287.88	355.34	-67.46	-19.0%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	<u>10,947.13</u>	<u>12,151.10</u>	<u>-1,203.97</u>	<u>-9.9%</u>
Net Ordinary Income	<u>-9,097.13</u>	<u>-9,111.10</u>	<u>13.97</u>	<u>0.2%</u>
Net Income	<u>-9,097.13</u>	<u>-9,111.10</u>	<u>13.97</u>	<u>0.2%</u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2014 through March 2015

	Jul '14 - Mar 15	Jul '13 - Mar 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,100.00	2,500.00	-400.00	-16.0%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	20,050.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	700.00	300.00	400.00	133.3%
4293555 · Firm Permit Renewals	14,060.00	13,800.00	260.00	1.9%
4293557 · Initial Audit	450.00	480.00	-30.00	-6.3%
4293558 · Re-Exam Audit	1,470.00	1,710.00	-240.00	-14.0%
4293560 · Late Fees-Initial Certificate	200.00	200.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,600.00	2,300.00	300.00	13.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	500.00	900.00	-400.00	-44.4%
4293566 · Firm Permit Owners	91,945.00	89,495.00	2,450.00	2.7%
4293567 · Peer Review Admin Fee	1,050.00	1,725.00	-675.00	-39.1%
4293568 · Firm Permit Name Change	200.00	175.00	25.00	14.3%
4293569 · Initial FAR	870.00	660.00	210.00	31.8%
4293570 · Initial REG	390.00	390.00	0.00	0.0%
4293571 · Initial BEC	420.00	330.00	90.00	27.3%
4293572 · Re-Exam FAR	1,320.00	1,350.00	-30.00	-2.2%
4293573 · Re-Exam REG	1,560.00	1,350.00	210.00	15.6%
4293574 · Re-Exam BEC	1,410.00	1,380.00	30.00	2.2%
4491000 · Interest and Dividend Revenue	3,578.78	5,207.41	-1,628.63	-31.3%
4896021 · Legal Recovery Cost	850.00	0.00	850.00	100.0%
Total Income	204,443.78	202,272.41	2,171.37	1.1%
Gross Profit	204,443.78	202,272.41	2,171.37	1.1%
Expense				
5101010 · F-T Emp Sal & Wages	36,380.03	35,975.07	404.96	1.1%
5101020 · P-T/Temp Emp Sal & Wages	20,289.80	18,186.55	2,103.25	11.6%
5101030 · Board & Comm Mbrs Fees	2,700.00	2,280.00	420.00	18.4%
5102010 · OASI-Employer's Share	4,304.00	4,170.79	133.21	3.2%
5102020 · Retirement-ER Share	3,359.40	3,249.71	109.69	3.4%
5102060 · Health /Life Ins.-ER Share	16,166.25	13,629.60	2,536.65	18.6%
5102080 · Worker's Compensation	34.05	70.40	-36.35	-51.6%
5102090 · Unemployment Insurance	25.51	17.37	8.14	46.9%
5203010 · Auto-State Owned	123.12	446.08	-322.96	-72.4%
5203020 · Auto-Private-Ownes Low Mileage	180.80	180.80	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	1,137.38	694.86	442.52	63.7%
5203100 · In State-Lodging	673.75	350.00	323.75	92.5%
5203120 · In State-Incidentals to Travel	10.00	0.00	10.00	100.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	9.00	-9.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	215.00	148.00	68.8%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	2,811.50	2,934.44	-122.94	-4.2%
5203280 · OS-Other Public Carrier	121.31	42.00	79.31	188.8%
5203300 · OS-Lodging	5,105.23	3,426.62	1,678.61	49.0%
5203320 · OS-Incidentals to Travel	244.00	135.00	109.00	80.7%
5203350 · OS-Non-Taxable Meals Overnight	543.00	467.00	76.00	16.3%
5204010 · Subscriptions	563.58	501.20	62.38	12.5%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	0.00	7,100.00	100.0%
5204160 · Workshop Registration Fees	3,475.00	1,835.00	1,640.00	89.4%
5204180 · Computer Services-State	672.75	657.00	15.75	2.4%
5204181 · Computer Development Serv-State	2,291.60	6,453.10	-4,161.50	-64.5%
5204200 · Central Services	7,030.55	5,117.44	1,913.11	37.4%
5204220 · Equipment Service & Maintenance	28.36	44.57	-16.21	-36.4%
5204230 · Janitorial/Maintenance Services	1,105.74	1,105.74	0.00	0.0%
5204340 · Computer Software Maintenance	686.60	0.00	686.60	100.0%
5204360 · Advertising-Newspapers	938.33	0.00	938.33	100.0%
5204440 · Newsletter Publishing	678.15	0.00	678.15	100.0%
5204460 · Equipment Rental	2,366.00	2,304.00	62.00	2.7%
5204490 · Rents Privately Owned Property	11,425.05	11,425.05	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2014 through March 2015

	<u>Jul '14 - Mar 15</u>	<u>Jul '13 - Mar 14</u>	<u>\$ Change</u>	<u>% Change</u>
5204530 · Telecommunications Services	2,308.75	2,550.30	-241.55	-9.5%
5204540 · Electricity	519.99	519.10	0.89	0.2%
5204560 · Water	89.40	67.05	22.35	33.3%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	0.00	1,267.13	100.0%
5204740 · Bank Fees and Charges	4,039.04	3,761.21	277.83	7.4%
5204960 · Other Contractual Services	60.96	724.50	-663.54	-91.6%
5205020 · Office Supplies	238.53	376.96	-138.43	-36.7%
5205310 · Printing State	155.25	199.70	-44.45	-22.3%
5205320 · Printing/Duplicating/Binding Co	150.00	159.75	-9.75	-6.1%
5205330 · Supplemental Publications	1,055.00	387.50	667.50	172.3%
5205340 · Microfilm Supplies/Materials	0.00	176.15	-176.15	-100.0%
5205350 · Postage	2,562.25	0.00	2,562.25	100.0%
5207900 · Computer Hardware	1,786.62	-238.63	2,025.25	848.7%
5228000 · Operating Transfers Out-NonBudg	3,189.68	3,154.35	35.33	1.1%
5228030 · Depreciation Expense	9,052.82	9,052.74	0.08	0.0%
Total Expense	<u>162,930.46</u>	<u>140,214.07</u>	<u>22,716.39</u>	<u>16.2%</u>
Net Ordinary Income	<u>41,513.32</u>	<u>62,058.34</u>	<u>-20,545.02</u>	<u>-33.1%</u>
Net Income	<u><u>41,513.32</u></u>	<u><u>62,058.34</u></u>	<u><u>-20,545.02</u></u>	<u><u>-33.1%</u></u>

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Sole Practitioner Question for Board

When a sole practitioner passes away with no succession plan, what are the responsibilities of his surviving spouse or estate? How do clients recover their records or possible working papers? What happens to the records of the firm?

Is this something the board needs to address or let this be handled privately or through a court case?

NASBA Deadlines

As a reminder here are the following deadlines approaching for NASBA:

- April 29 – Committee Interest Form, this was emailed out from NASBA on 3-10-15. If you need it forwarded onto you please let me know.
- May 28 – Nominations for Regional Director & Director-at-Large positions

Recap from NASBA Executive Directors Conference

Board & Society Relations – Success Stories - Discussion topic from the Georgia Society in regards to how the board and society collectively worked together to stop a bill in regards to a consolidation of all boards, and moved forward with a bill to make the Board independent. The entire process was 4 years.

U.S. Supreme Court decision in Antitrust case(NC Dental case) – Supreme Court decision is based upon the FTC's findings of "Fact": Licensee majority elected by licensees; NC Dental Board decision and 8 of 10 licensee members were competitors and made substantial compensation as competitors; the board had no authority to send Cease & Desist letters; almost all of the complaints were from dentists who complained about price competition; the Cease & Desist letters worked; licensee board members could not be removed; and there was no evidence of public harm.

Are good faith and public protection valid defenses to an antitrust attack against a board? In this case there was no public harm.

What is "direct state supervision"? Open Meetings Act; Public Records Act; Administrative Procedure Act; State Ethics Act; Various annual reporting requirements; Legislative Oversight; Rules Review Process

Some unanswered questions: Board liability for damages; Individual board member liability; Board staff liability; Will the Noerr doctrine continue to protect state societies? Will licensing decisions remain antitrust immune?

State Board & State Society relationships under FTC scrutiny: Licensee members campaigned at society meetings; some licensee members held offices in the state society; state board and state societies held annual joint meetings; at some meetings society members complained about unauthorized practice; state society conducted lobbying efforts at state board's request.

Joint efforts have accomplished: mobility achieved though joint efforts; via joint efforts, CPA is one of the least restrictive licensing regimes; uniform exam; common standards; lessened restriction on forms of compensation.

Suggestions: discuss with your legal counsel; do not call the pre-litigation letters “cease & desist orders”; go straight to court – let a judge decide; use declaratory rulings; consider rulemaking; refuse to consider complaints regarding pricing; remove “competition “ from vocabulary; consider insurance.

Board Nomination Process & Diversity – What makes us diverse? Important aspects of diversity and inclusion are human capital, demographics, and business imperative. NASBA statistics and initiatives with the committee were shown.

Impact of Marijuana Laws – Currently 8% of states allow recreational use and about half of the states allow medical use. AICPA issued a brief paper on state marijuana laws and the CPA profession.

State Boards generally have taken a “wait and see” approach; some questions that remain unanswered are: Is the CPA violating federal law? Is this an act discreditable under the state accountancy statute? Is this ethical?

Other emerging issues that need to be considered: Tax Compliance; unique considerations when performing audits, AUPs for these businesses; Liability concerns; Ethical considerations; the need for uniform guidance in a nation of cross-border practice.

Strength in Numbers: Advancing the Profession through cooperation – results from a survey sent to the boards and societies and the comparison of results. Taking the surveys independently 29 boards and society’s answered the questions the same, South Dakota being one of them.

Breakfast Table Topics

1. CPA Exam Practice Analysis: Update & Input – new exam structure in April 2017, still 4 sections with enhancements in technology and layout in each section and keeping the exam in the 14-16 hours range. Addition of integrated concepts and cross sections without constraints; (example: is apply audit procedures to a client prepared income tax provision, which could include evaluating tax regulations e.g. limitation on travel and entertainment expenses).
Excel implementation as a tool for candidates in 2018, to replace general spreadsheet.
2. Mobility Enforcement – Discussion on cases from various states on issues with mobility and various cases that have been brought before the boards and how we have dealt with them.

NASBA Report – discussion on changes in NASBA infrastructure, education being competency based or for credit on life experience, boards reliance on accrediting bodies, ERISA audits and peer review, legislative issues on discrimination, court decision from North Carolina on dentistry board, international pathways when dealing with MRAs, CPA exam practice analysis, nomination process review, CPE standards, moving towards diversity,

Enhancing Audit Quality: Present & Future – discussion on cases with peer review and issues with disclosure and extensions to maintain licensure.

Practice Monitoring of the Future – discussion on the white paper that the AICPA released and is asking for comments by June 15.

CPE Audit Services – a walk through the NASBA CPE tracking system and how the VA board allows licensees to use the program, which is free of cost to use, and then how they utilize the system to perform the audits. The design is tailored for state specific requirements.

Federal Agency Referrals / Agency Outreach Updates – NASBA has begun tracking information from federal agencies and they place the information that they find on their website under the enforcement tools. Covered issues were the IRS PTIN holder list (NASBA requests from IRS under the Freedom of Information Act) which will be done on an annual basis for boards and emailed out results in March; EBP Audit list, DOL has the largest volume of audit failure are attributed to CPAs who do a small number of EBP audits, DOL is drafting language to propose specific CPE requirements for CPAs performing DOL audits; Quarterly Enforcement Reports which are distributed via email to the Executive Directors from the sources of AICPA, SEC, PCAOB and IRS; Guiding principles of enforcement through the enforcement resources committee by providing tools on the enforcement tools webpage to any boards who would like to develop a more structured enforcement process; shared investigative resources with AICPA.

International Education – discussion on transcript complexity, educational comparison, and transfer credit and accreditation.

Reliance on Accreditation – an overview of accreditation, the framework and school accreditation process, national vs. regional accreditation and accreditor sanctions; the changing education landscape; boards context on which accreditation they accept, performance by regional accreditation across the USA, and the focus on accreditation.

Legal Update – Case Studies

Commscope credit Union v. Butler & Burke (NC 2015) – an auditor should be independent of mind and appearance. A fiduciary duty is a legal duty to act solely in another party's interests. "A fiduciary duty cannot coexist as a matter of law or fact with an auditor's duty of independence."

Simic v. Accountancy Board of Ohio (2014) – Notice on sole practitioner's firm was not notice on the individual CPA.

Jo Ann Howard & Assoc., P.C. v. Cassity (MO, August 2014) – Whether the plaintiff's CPA expert witness passed the licensing exam on his first try was irrelevant to his qualifications to testify as an accounting expert.

Welsco, Inc. v. Brace (USDC Ark, September 2014) – Inactive CPA employee could testify about employer's damages. "Providing accounting services for your employer in exchange for your normal salary/compensation does not constitute performing services for the public."

Dow v. Steward (TX 2015) – Board's ruling was collateral estoppels on issue of professional care.

Rogers v. Deane (VA 4th Circuit November 2014) – Virginia Board's findings were not indisputable in a court proceeding.

Petrie v. Virginia Board of Medicine (VA 2014) – The Virginia Board of Medicine did not violate federal antitrust law because the precompetitive advantages of its regulations outweighed the anticompetitive effects.

NASBA Technology Update – Updates from NASBA CIO in regards to recap of projects completed in the prior year, application service projects that are upcoming infrastructure service projects, evaluate infrastructure as a service, current projects, upcoming projects, and security service projects.

ALD/CPE Verify Update – History, disciplinary data, linked data, firm data, automation, and plans for the future. Those include automated peer review reporting for boards, DOL/NASBA reconciling ERISA audit records and work with federal agencies to house federal referrals within the database.

Audit Analysis – A one stop source of data on auditors performing high risk audits in each jurisdiction. It links firms to multiple jurisdictions and provides access to summaries of PCAOB inspections.

Update on Uniform CPA Examination – Questions that arrive from candidates and comments that candidates have made on the exam are addressed by a panel of people from NASBA, AICPA, and Prometric.

Accounting Education – an update from the pathways commission on the future of accounting higher education and the three year implementation plan on the recommendations made by the commission. How to build a learned profession – for the future by purposeful integration of accounting research, education and practice for students, accounting practitioners and educators.

Legislative Update – A walk through of the states and bills that have been filed during the current legislative sessions. The bill tracking software that is used by NASBA to track the bills and the alerts that they receive and how they also alert boards in regards to bills that may impact them.

Impact and Implementation of Nano Learning on CPE – From Ohio CPE learning in increments of 10 minutes and it must be done in group. Currently in Ohio, there is only one course that is approved by the Board for nano learning, which is the ED from the Board talking on a subject.

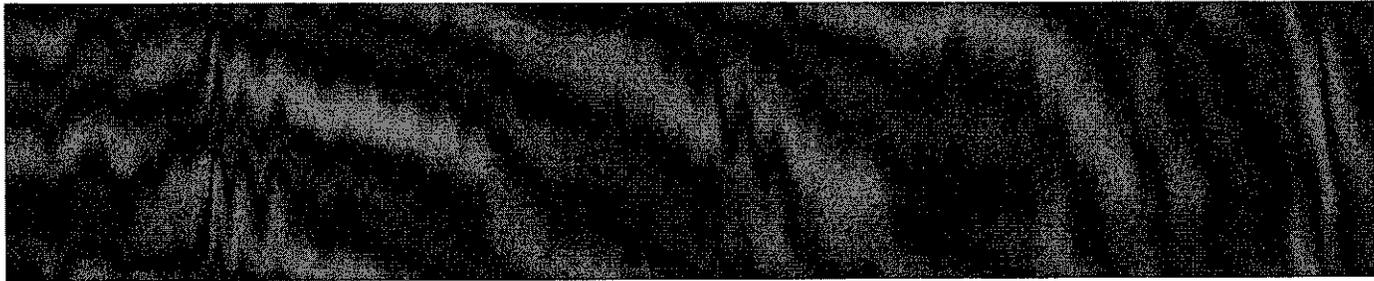
Communications – a recap of services offered through NASBA and effective ways to communicate as a Board to the public.

Standard Setters Update – A brief on why the professional code of conduct from the AICPA is important and when boards reference the code in their rules, the differences that a board may have with current rules and appendix A from the code of conduct. What to do when a difference in appendix A does occur and some talking points for board to discuss.

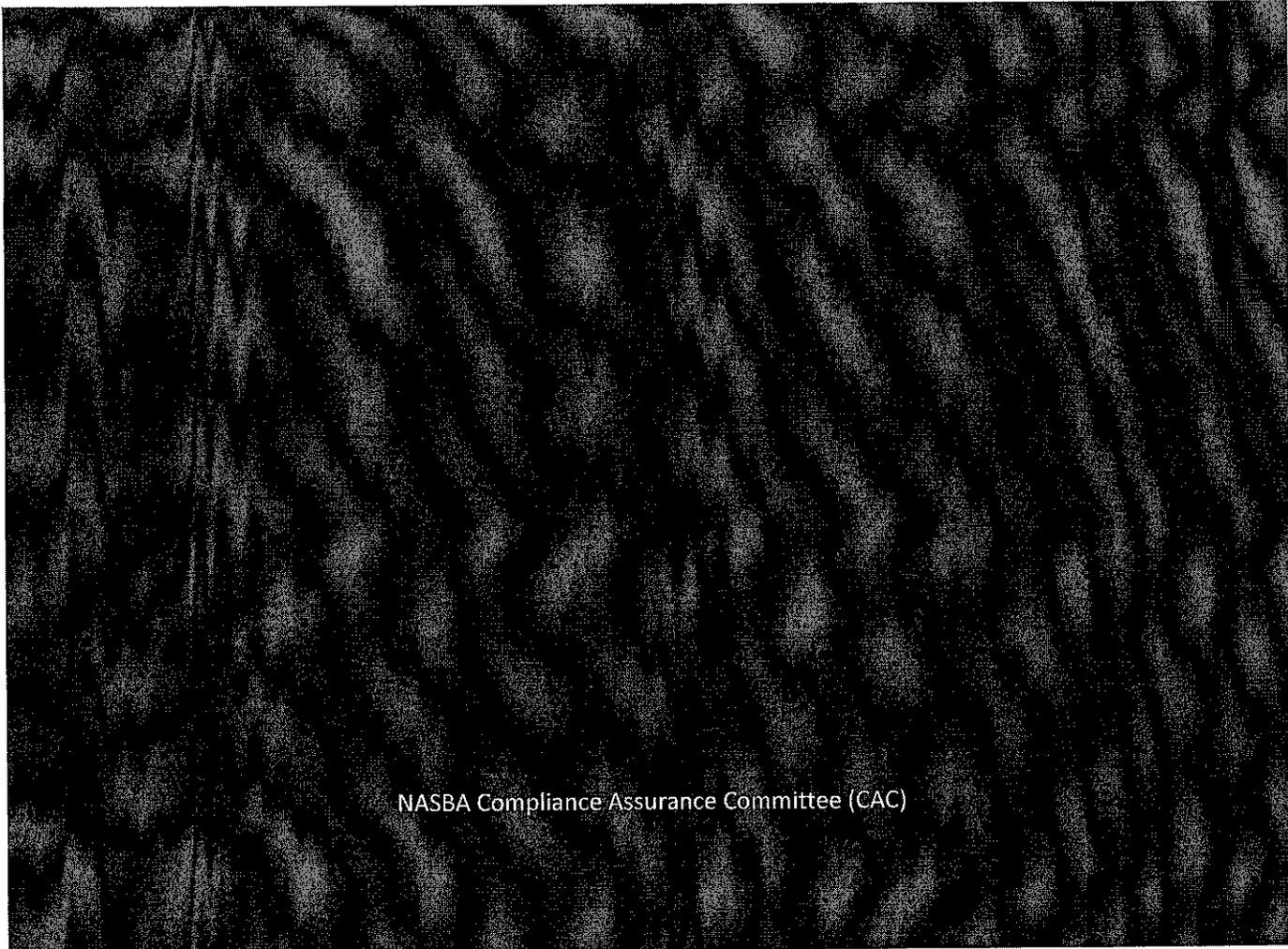
Private Company Council (PCC) – financial accounting foundation (FAF) is currently conducting an overall assessment of the PCC. They are looking to see if the PCC is meeting their primary responsibilities/mission, having an assessment of the roles and effectiveness, and addressing changes that could improve effectiveness.

Board Discussion

- Any New Business/topics?



FAILED REPORTS GUIDANCE



NASBA Compliance Assurance Committee (CAC)

Recommendations for Pass with Deficiencies and Fail Peer Review Reports

These guidelines are presented by the Compliance Assurance Committee (CAC) of the National Association of State Boards of Accountancy (NASBA). Currently, pass with deficiencies and fail peer review reports are being handled differently by each State Accountancy Board (Board). The CAC is recommending guidelines for Boards to consider when dealing with pass with deficiencies or fail reports, recognizing not every Board will be able to implement these recommendations due to their own rules and regulations or other constraints specific to each jurisdiction. Utilization of these guidelines by all Boards could increase consistency from state to state.

In the following discussion when it is suggested that the Board take action, it is intended to mean the Board, its staff, or another group designated by the Board.

The following are the recommended practices for each type of scenario:

1. INITIAL REVIEWS

Pass with Deficiencies

The Peer Review Oversight Committee (PROC), or its equivalent as designated by the Board, should review the firm's letter of response to the deficiencies and all required follow-up actions. A letter from the Board should be sent notifying the firm the Board has reviewed the information contained in the Peer Review Report and that a subsequent review of other than pass could result in disciplinary action (if regulations and rules permit). The Board should then monitor the firm's compliance with the follow-up actions and if they are not completed within the timelines established by the Administering Entity, the firm should be referred to the enforcement arm of the Board. The Board may want to take action based on the failure of the firm to remediate as required by the Administering Entity rather than conducting an investigation.

Fail

The PROC, or its equivalent as designated by the Board, should review the firm's letter of response to the deficiencies and all required follow-up actions. A letter from the Board should be sent notifying the firm the Board has reviewed the information contained in the Peer Review Report and that a subsequent review of other than pass could result in disciplinary action (if regulations and rules permit). The Board should then monitor the firm's compliance with the follow-up actions and if they are not completed within the timelines established by the Administering Entity of the Peer Review Program the firm should be referred to the enforcement arm of the Board. Sometimes the deficiencies may be so significant that the Board will want to take action immediately.

2. CONSECUTIVE REVIEW AFTER A REVIEW WITH A PASS

Pass with Deficiencies

The PROC, or its equivalent as designated by the Board, should review the firm's letter of response to the deficiencies and all required follow-up actions. A letter from the Board should be sent notifying the firm the Board has reviewed the information contained in the Peer Review Report and that a subsequent review of other than pass could result in disciplinary action (if regulations and rules permit). The Board should then monitor the firm's compliance with the follow-up actions and if they are not completed within the timelines established by the Administering Entity of the Peer Review Program the firm should be referred to the enforcement arm of the Board. The Board may want to take action based on the failure of the firm to remediate as required by the Administering Entity rather than conducting an investigation.

Fail

The PROC, or its equivalent as designated by the Board, should review the firm's letter of response to the deficiencies and all required follow-up actions. A letter from the Board should be sent notifying the firm that the Board has reviewed the information contained in the Peer Review Report and that a subsequent review of other than pass could result in disciplinary action (if regulations and rules permit). The Board should then monitor the firm's compliance with the follow-up actions and if they are not completed within the timelines established by the Administering Entity of the Peer Review Program the firm should be referred to the enforcement arm of the Board. Sometimes the deficiencies may be so significant that the Board will want to take action immediately.

3. CONSECUTIVE REVIEW AFTER A REVIEW WITH PASS WITH DEFICIENCIES

Pass with Deficiencies

A second consecutive pass with deficiencies presents somewhat of a dilemma for the PROC (or its equivalent as designated by the Board). If the review of the past and current reports reflects that the previous deficiencies were all resolved and the pass with deficiencies is due to new systemic issues (on system reviews) or new engagement issues (on engagement reviews), since the firm corrected its previous issues, the PROC (or its equivalent as designated by the Board) could determine that the firm is cooperating. If appropriate follow-up action has been required, no further action other than a reminder letter and monitoring the firm's compliance with the new remedial actions to the firm of the significance of receiving two consecutive pass with deficiencies peer review reports may be needed. If any of the prior deficiencies have not been resolved and are deemed to be significant, the PROC should make a referral to the enforcement arm of the Board for its determination. Boards might not want to wait three years to make the determination that "all is well," especially if the review includes must-select engagements (ERISA, Yellow Book, Single Audit, FDICIA, Carrying Broker Dealers, and SOC).

Fail

In most instances when a firm receives a fail after a pass with deficiencies, the PROC (or its equivalent as designated by the Board) should refer the firm to the enforcement arm of the Board and let it make the determination as to whether any additional actions should be required, or if

immediate discipline is warranted. A case might be opened and an investigator assigned to determine the issues. In some cases a firm may be willing to stop performing the services which contributed to the fail report and may have entered into such an agreement with the Administering Entity of the Peer Review Program. If this is the case, the Board should require a similar signed acknowledgement from the firm for the enforcement record.

4. CONSECUTIVE REVIEW AFTER A REVIEW WITH FAIL

Pass with Deficiencies

In most instances where a firm receives a pass with deficiencies after a fail, the PROC (or its equivalent as designated by the Board) should carefully review the circumstances of the current pass with deficiencies. If there are any repeat deficiencies, the PROC (or its equivalent as designated by the Board) should refer the firm to the enforcement arm of the Board and let it make the determination as to whether any additional actions should be required. If all of the deficiencies are new, the PROC (or its equivalent as designated by the Board) should determine if it believes the firm has been responsive in its letter of response and that the follow-up actions will correct the issues. The Board should then monitor the firm's compliance with the follow-up actions and if they are not completed within the timelines established by the Administering Entity of the Peer Review Program the firm should be referred to the enforcement arm of the Board.

Fail

A firm receiving two consecutive fails should be sent to the Board's enforcement arm for review and determination if an enforcement file should be opened. If this is done, an investigation should ensue to determine whether there is sufficient evidence to bring charges against the firm. In some cases, a firm may be willing to stop performing the services which contributed to the fail report and may have entered into such an agreement with the Administering Entity of the Peer Review Program. If this is the case, the Board should require a similar signed acknowledgement from the firm for the enforcement record.

Consistency amongst all Boards addressing pass with deficiencies and fail reports could be increased by Boards implementing the best practices presented here in conjunction with complying with their own rules and regulations.